

GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

Industries & Commerce Department - Constitution of State Level Steering Committee to co-ordinate and monitor the progress of Implementation of the Micro, Small & Medium Enterprises Cluster Development Programme – Orders – Issued.

INDUSTRIES & COMMERCE (SSI) DEPARTMENT

G.O.Ms.No. 249

Dated: 08.12.2009.

Read:-

The Development Commissioner, MSME, GOI, New Delhi, Guidelines for Micro & Small Enterprises – Cluster Development Programme (MSE-CDP)

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ORDER

The Development Commissioner, Micro, Small & Medium Enterprises, Government of India, New Delhi, issued Guidelines for Micro & Small Enterprises – Cluster Development Programme (MSE-CDP) in Supersession of the previous Guidelines relating to SICDP and IID scheme and encompass, inter-alia procedure and funding pattern for admissible activities, namely:-

- (1) **Diagnostic Study Reports:** To map the business processes in the cluster and propose remedial measures, with a validated action plan.
- (2) **Soft Interventions:** Technical assistance, capacity building, exposure visits, market development, trust building, etc for the cluster units.
- (3) **Detailed Project Report:** To prepare a technical feasible and financially viable project report for setting up of a common facility centre for cluster of MSE units and /or infrastructure in existing industrial estate/area/cluster.
- (4) **Hard Intervention/Common Facility Centres (CFCs):** Creation of tangible ‘assets’ like Testing Facility, Design Centre, Production Centre, Effluent Treatment Plant, Training Centre, R&D Centre, Raw Material Bank/Sales Depot, Product Display Centre, Information Centre, any other need based facility.
- (5) **Infrastructure Development:** Development of land, provision of water supply, drainage, power distribution, non-conventional sources of Energy for common captive use, construction of roads, common facilities such as First Aid Centre, Canteen other need based infrastructural facilities in new industrial (multi-product) areas/estates or existing industrial area/estates/clusters.

2. The projects sanctioned under erstwhile SICDP (renamed MSE-CDP) and Integrated Infrastructural Development (IID) schemes will also be eligible for financial support issued under the scheme as per earlier approvals.

- (1) **Diagnostic Study Reports:** The first and foremost activity in the cluster development process is to conduct a diagnostic study.

Government of India grant of maximum Rs.2.50 lakh will be provided for preparation of Diagnostic Study Report (DSR) for one cluster. For the field organizations of the Ministry of MSME, the financial support will be Rs.1.00 lakh. The cost includes the expenses towards visits to cluster, compilation of data, validation of action plan, hiring of consultant, special studies (if required), printing & stationery, etc. 50% of the amount sanctioned will be released after the approval. Balance 50% will be released only after acceptance of report.

- (2) **Soft Interventions:** It is necessary to prepare a Diagnostic Study Report (DSR) including validated action plan, performance indicators/milestones to evaluate the project, before undertaking Soft Interventions. Activities are undertaken as per approved action plan included in DSR.

(Contd...2)

The duration of soft interventions will be maximum 18 months, unless extended with the approval of Steering Committee.

- (3) **Detailed Project Report (DPR):** A Government of India grant of maximum Rs.5.00 lakh will be provided for preparation of a technical feasible and financially viable project report for setting up of a common facility centre for cluster of MSE units and/or infrastructure development Project for a new industrial estate/area or for upgradation of existing infrastructure in existing industrial estate/area/cluster. 50% of the amount sanctioned will be released after the approval. Balance 50% will be released only after acceptance of report.
- (4) **Hard Interventions (setting up of CFCs):** The cost of project includes cost of Land (subject to max. of 25% of Project Cost), pre-operative expenses, preliminary expenses, machinery & equipment, miscellaneous fixed assets, support infrastructure such as water supply, electricity and margin money for working capital.

The entire cost of land and building for CFC shall be met by SPV/State Government Concerned.

It is necessary to form an SPV prior to setting up of and running the proposed Common Facility Centre.

There should be a minimum of 20 MSE cluster units serving as members of the Special Purpose Vehicle (SPV).

- (5) **Infrastructure Development:** Infrastructure Development projects under the scheme will consist of projects for infrastructural facilities like power distribution network, water, telecommunication, drainage and pollution control facilities, roads, banks raw materials, storage and marketing outlets, common service facilities and technological backup services for MSEs in the new/existing industrial estates/areas.

3. The project should be completed within two years from the date of final approval, unless extended with the approval of the State Level Steering Committee.
4. Funds will be released on reimbursement basis or on matching share basis (Implementing Agency will deposit its share in the dedicated bank account in the name of project and submit a bank certificate). 1st installment limited to Rs.2 crores only.

5. **Implementation Agencies**

Activity	Implementing Agency
Diagnostic Study	Offices of the Ministry of MSME Offices of State Governments National and International institutions engaged in development of the MSE sector Any other institution/agency approved by the Ministry of MSME
Infrastructure Development Projects	State /UT Governments through an appropriate State Government Agency with a good track record in implementing such projects.

6. Project Approval: The proposals under the scheme will be considered for approval by the Steering Committee of the MSE – CDP. Proposals for DSR, DPR and Soft Interventions will be approved in one Stage only. Hard Interventions (CFC) and infrastructure development projects will be approved in two stages: In-principle approval and final approval.

7. After careful examination, as per the new guidelines of MSME, Government hereby constitute State Level Steering Committee to coordinate and monitor the progress of Implementation of the MSME Cluster Development Programme with the following members:-

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| 1) Secretary to Government (SSI)
Industries & Commerce Dept., | - | Chairman |
| 2) Managing Director,
A.P.State Financial Corporation | - | Member |
| 3) General Manager
Andhra Bank/SLBC | - | Member |
| 4) Representative of SIDBI | - | Member |
| 5) Representative of NABARD | - | Member |
| 6) Representative of APIIC | - | Member |
| 7) Representative of KVIB | - | Member |
| 8) Representative of KVIC | - | Member |
| 9) Commissioner of Industries | - | Member |
| 10) Dy.Director, MSME, Regional Office-
Hyderabad | - | Member/ Convenor |

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

I.RANI KUMUDINI,
SECRETARY TO GOVERNMENT

The Secretary to Government (FP), Industries & Commerce Department,
Andhra Pradesh, Secretariat, Hyderabad
The Commissioner of Industries, Hyderabad
The Chairmen & Managing Director,
Andhra Pradesh Industrial Infrastructure Corporation Limited, Hyderabad
The Chief Executive Officer, Khadi & Village Industries Board, Hyderabad
The State Director, Khadi & Village Industries Commission, Hyderabad
The Managing Director, Andhra Pradesh State Financial Corporation
The General Manager, Andhra Bank, State Level Banker's Committee, Hyderabad
The Small Industrial Development Bank of India, Mumbai through
Commissioner of Industries, Hyderabad
The National Bank for Agriculture and Rural Development, through
Commissioner of Industries, Hyderabad
The Dy.Director, Micro, Small & Medium Enterprises,
Regional Office, Hyderabad

Copy to:

P.S. to Minister (SSI, KVIB, Sugar, Printing & Stationery)
SF/SC.

//FORWARDED :: BY ORDER//

SECTION OFFICER